

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

April 19, 2005

4:30 PM

Chairman Smith called the meeting to order.

The Clerk called the roll.

Present: Aldermen Smith, Guinta (late), Osborne, Shea, Thibault

Messrs.: Alderman O'Neil, R. Ludwig, J. Ebert, H. Ntapalis, K. Clougherty,
S. Wickens, R. Sherman, J. Shaffer

Chairman Smith addressed Item 3 of the agenda:

Communication from Alderman O'Neil requesting write-off of a \$5,176.59 bill (invoice #9856223, June 30, 2004) that was issued to Manchester School Athletics for services provided by Parks, Recreation & Cemeteries for the lacrosse program.

Alderman Shea stated what happened was the money was wired to the Parks & Recreation Department so I would move to receive and file.

Alderman Osborne duly seconded the motion.

Alderman O'Neil stated what is unfortunate here is both on the City side and on the School side they knew that this issue was going to make it before this Committee – the bill for the \$5,176.59. It was never allowed to get to the Committee before the bill was paid. Keep in mind that the bill was paid by the boosters so we are affecting 192 young people that are playing lacrosse in our high schools and by not working or by the unwillingness of the City and the School District to work with these folks they have to raise on their own an additional \$10,000. They have already paid the bill for last year, which they didn't get until after the season was well over and most of the kids had graduated school. It is unfortunate that we can't get our act together on this chargeback thing because in this particular case with lacrosse there are 192 young people affected by this. If they didn't make a commitment to pay that bill last year the School District was not going to allow them to play lacrosse this spring. It was like a gun held to their head and I am very disappointed about that. We love to proclaim that we are all about the young people but somehow we put up these walls and these obstacles. I

am very disappointed in the School District and on the City side. I officially wrote a letter in February on this. I am not blaming the members of the Accounts Committee. This is the first time you have had a chance to address it. Knowing all of you I am sure if you had got it earlier there might have been a different outcome but we have now forced the Booster's Association to have to raise an additional \$10,000. It is going to be the same issue this year as well and they are providing a lot of the services themselves. They are marking many of the fields. It is the only varsity sport that is not paid for by the District and it is too bad. Thank you for allowing me to vent a little bit. I don't have any children playing lacrosse. I know that Alderman Smith is a former lacrosse star from New England College. We always talk about being about the kids but the kids are hurt on this. I can tell you that.

Alderman Osborne asked can Ron Ludwig come up and give some information on this. All I have is one sheet of paper from Alderman O'Neil.

Alderman O'Neil stated I have a hand out with some correspondence from when I got involved in the process in February.

Ron Ludwig, Parks, Recreation & Cemetery Director stated basically we are asked each year to go in and make a presentation to the School District. In this particular spring prior to the start of the lacrosse season we were asked to align fields for the lacrosse program through the School District. We did that only to find out that they came up short of funds and they weren't going to be able to pay us.

Alderman Shea stated I listened to the School Board and they do not recognize lacrosse as a NH sport. I think Alderman O'Neil realizes that. It is not recognized at the state level as a sport. It is a club sport according to the Manchester School District. They discussed this at length at their last meeting and they explained, although there was some discussion pro and con, it was discussed that they would not fund it in the 2006 budget. So, therefore, I believe the reason for that is because it is not recognized at the state level as a sport in Manchester. In other words, the School District is not supported and I believe that is why they are not funding it.

Alderman O'Neil replied if I may...

Alderman Shea interjected my contention is you are presenting something before a Board committee that you should appear before the School District on. In other words, your plea although very well meaning and I probably concur with it but the point is you are discussing something that should be discussed by the School District and I believe that is where you should bring your concerns because basically we are talking about a bill that was, I guess, paid in 2004. Is that right,

Ron? This is for the 2004 school year. For 2005 there is no expense that the School District has charged to them. There is no chargeback as far as the Parks & Recreation Department is concerned. It is the School District that is communicating with the lacrosse. That is where the discussion is.

Alderman O'Neil stated the bill just got paid within the past month probably. The invoice from Parks to the School District was not received until July of...as a matter of fact it is in your packet. I do believe and Jack Ebert who is the head lacrosse coach at Memorial High School and also the President of the Greater Manchester Lacrosse Boosters may be able to correct me on this but my understanding is that it is a recognized sport by the NHIAA. They compete at the state and they compete in a regular high school schedule. The only difference between the Manchester schools and any of the other schools is that they are not funded by the School District. They have to raise their own money. It is not a club sport. It is a recognized sport by the State of NH.

Alderman Shea responded the point is because it is not recognized by the School District, they do not fund it. That is what I am saying. That is what they brought out at their meeting.

Alderman O'Neil stated well I appeared I think on February 22 along with Mr. Ebert and a gentleman named Vin Parone before the Athletic Committee and one of the things that was determined was if the City would write-off the \$5,100. That is why you see that letter. I think it is the cover letter. I don't remember the date. There was a packet handed out to you with a cover letter from me to the School District that started this whole process. It goes back to February. You can sit here all night and debate it. It is unfortunate that almost 200 young people are affected by this. I have to be honest. I am disappointed in City staff and I am disappointed in the School District on this.

Alderman Osborne asked how does this leave the Parks & Recreation budget. How would this affect your budget either way?

Mr. Ludwig answered it goes into the Enterprise account.

Alderman Osborne asked and what is in the Enterprise.

Mr. Ludwig answered the Enterprise is made up of...

Alderman Osborne interjected how much money is in the Enterprise.

Mr. Ludwig responded whatever we collect for revenues at all of our facilities in the period of a year.

Alderman Osborne asked so you have nothing towards this right now.

Mr. Ludwig answered no Sir.

Alderman Thibault asked, Alderman O'Neil, why doesn't the School District recognize this.

Alderman O'Neil replied I can't answer that. I wish I could answer that question. It is the only varsity sport in the District that is not paid for. It is recognized. I believe the coaches and Mr. Ebert could correct me but the coaches are approved by the School District. It is just that the School District does not pay one penny for this sport. The Booster Club has to raise the money for the officials, for the buses, and for the equipment.

Alderman Thibault stated there has to be a way that the Board could direct them to start looking at this and not have the same problem this year.

Alderman O'Neil responded my understanding from that meeting I attended at the end of February is that the School Board this fall will look at all sports, both existing and where some of the trends are. I know that boy's volleyball is one. Women's ice hockey is another. They need to look at the future of many sports but I think the numbers for lacrosse speak for themselves when they have 200 young people participating in the three public schools. It is unfortunate that this didn't get worked out. It may seem like an insignificant amount of money - \$5,000 or \$5,100 for last spring but there is going to be a similar charge this spring for them and it is too bad that they are affected by it.

Alderman Thibault stated so basically the problem right now is that Ron is out \$5,100 right.

Alderman O'Neil responded no he has been paid. The Boosters paid the School District because they were under the gun. They had to meet timelines. While the School District knew this was going on they had to meet a timeline to make a payment, the Booster's Association and the School District then turned around and paid Parks & Recreation. It is unfortunate.

Alderman Thibault stated I think we should direct the School Board...

Alderman O'Neil interjected it would be great if we could take some policy for this spring. Keep in mind that bill that is before you tonight is for spring 2004.

Mr. Ludwig stated keep in mind that we can't generate our last quarterly bill until the high school season ends, which is typically mid-June so for us to get that last quarterly...obviously if we don't get it out within a week it is probably the first week in July before the School District gets the last quarter bill.

Alderman O'Neil stated what is unfortunate, Alderman Thibault, is all of the young people that are involved in the spring time have all left school by then either vacationing for the summer or moving on to college so for them to get caught up is tough. The Booster Association knows moving forward that they could be expected to pay this bill but they are looking for some relief if we can.

Alderman Shea asked how did the Booster Club actually get this bill. In other words, did they agree in principle to raise the money to fund it or did they not or can't they raise the money or what is the problem?

Alderman O'Neil stated it may be more appropriate to have Jack Ebert who is the President of the Boosters to come up and speak.

Jack Ebert, President, Lacrosse Booster Club stated I want to thank you because you are coming in at the 11th hour of this situation. Obviously this is a situation where...we are in our seventh season for lacrosse. This specific Parks & Recreation bill, as President of the Greater Manchester Lacrosse Boosters quite bluntly we were not aware that there was going to be that chargeback until we received it in mid-August of 2004. Seeing it and also at that point finding out that there were other overages from the season, once we got back into school we immediately began fundraising efforts to come up with the money. One other effort that we had was to go to the School Board and also to go to Ron and say hey can you help us out with this. We didn't realize that there was going to be this significant of a chargeback. \$5,000 to our organization is literally 12 or 12% of the total budget for six lacrosse teams – three girls and three boys at each high school. So that is when we found out about it and the saga has continued. We had to pay it. We actually used our current season fundraising money to pay the total of \$12,000 including this \$5,100 Parks & Recreation bill for reimburse the City or the School Department for it or else we wouldn't have a season this year.

Alderman Shea asked who entered into the agreement between the School District and the group that you represent. Who made that commitment?

Mr. Ebert answered I was the lead on that representing and I would be more than happy...I don't have it with me but I would be more than happy to provide the documentation of that agreement.

Alderman Shea responded no I am not interested in seeing it but what was the agreement. In other words why doesn't the School District agree to have this as a school funded program?

Mr. Ebert replied in one word it is non-budgeted. They don't have the funds to have lacrosse as a sport.

Alderman Shea asked do they give you any reason why. In other words, is it because it is too expensive? You are saying it costs \$15,000 to fund this program approximately and they have a budget of \$137.5 million and they can't find \$15,000?

Mr. Ebert answered just to clarify the total cost of the program for all six teams is about \$35,000.

Alderman Shea asked is that comparable or is that more than some other sports. I don't know but I am just saying how much does it cost to run a baseball program or something else?

Mr. Ebert answered I am a lacrosse guy so I couldn't answer that.

Alderman Shea stated but what I am saying is when you went before the School District and you asked them if you could have this funded they said no but you can have it as a club sport and you have to raise funds for it and then you agreed to that or someone in principle...

Mr. Ebert interjected that is correct. We existed as a club sport for several years before going back to the School Department and asking to go to the varsity level, which happened in the 2004 season. We were granted the ability to go varsity provided we funded it.

Alderman Shea stated my understanding is in discussions I looked at at the School Board meeting the other night they are not funding it in the 2006 budget.

Mr. Ebert responded at this point I have not seen the budget so I don't know that, Sir. We have requested...

Alderman Shea interjected I am just saying if you had seen the meeting they are not funding it. My point is where does that leave you folks? In other words you still have to do fundraising for 2005 and you want to have programs in 2006 so where does that leave you?

Mr. Ebert replied we will continue to fundraise. I will tell you that nearly 200 high school students who only a handful would be playing another spring sport otherwise they would not be playing a spring sport...we have over 190 student athletes who are motivated to get out there and fundraise. Their families are motivated. As Alderman Smith can attest to it is a great sport and it is a passionate sport and an interactive sport for the players and their families. We are going to continue to fundraise. Needless to say, to have used some of our current season's fundraising money to cover last year's bills was a big hit, especially to find out about those bills late in the summer, well after everything was put away and we put a success label on the season.

Alderman Shea stated right now your concern is actually with the School District and not with the Parks & Recreation Department.

Mr. Ebert responded I absolutely agree. I will tell you that Parks & Recreation and Ron Ludwig has been great to the Greater Manchester Lacrosse Boosters. His staff...I was out there helping his guys learn how to line lacrosse fields last year. Ron and I have freely spoken on the phone. In arrears we are trying to get credited the \$5,100 if at all possible. That is the equivalent of 25 kids. We have asked each and every player to help us fundraise \$200 a piece to fund the lacrosse program this season. That \$5,100 obviously represents an amount equal to 25 players.

Alderman Shea asked the \$5,100 was already wired to him.

Mr. Ebert answered that is correct.

Alderman Shea asked so you want the City to give you the money rather than the School District.

Alderman O'Neil stated if I may the only place...you are right Alderman Shea. Generally speaking this is a School District issue except that the City could provide some relief regarding the chargebacks from Parks & Recreation. That is the only way really that we can help with the Board of Mayor and Aldermen. Whether it was last year or this. I don't know what the number will be this year but...

Alderman Shea interjected there is no number this year because Parks isn't concerned. There is no number.

Alderman O'Neil stated I can almost guarantee you that they are going to be assessed a number by the School District.

Mr. Ebert stated I will tell you that in order to save money knowing that we had to pay out that \$5,100 we have taken on a lot of the responsibility such as field lining ourselves through volunteers.

Alderman Lopez stated I would recommend that a letter be sent to the Athletic Committee of the School Board because I know they are going to address it for 2006. If another varsity sport is not there they indicated that they might fund lacrosse. I think the issue is the agreement that you have with the School Department. I don't believe that we can write-off debt for the School Department. I agree with Alderman O'Neil. We started lacrosse here in the City of Manchester with the Police Athletic League and that is how it got into the high schools. I am very familiar with the program but I think that we need to sit down at a working session to see whether or not the School Department is going to fund it because what is going to happen is you do have an agreement to pay for the rest of the year in the 2005 budget and if we start writing off School debt you bet your bottom dollar they will not fund any athletics and we are going to come back and do it. So I think there is more to it and I think it needs to be a discussion for another time because there is a lot of process here.

Alderman O'Neil stated I was just informed by Ron that he does not expect that his department will be sending a bill to the School District this year.

Alderman Osborne stated you say this is your seventh season. How were the other six funded?

Mr. Ebert replied actually the initial four seasons were funded through the Manchester Police Athletic League and through the players of the high school club teams. It started with one citywide team and then divided into an East-West or North-South set of teams. Then when PAL said this isn't our purpose in a very short amount of time we created the Greater Manchester Lacrosse Boosters to actually become the support, fundraising and communication entity to promote high school lacrosse in the City of Manchester.

Alderman Osborne asked so the School Department came in around the sixth season.

Mr. Ebert answered actually theoretically as club teams we have always been blessed by the individual high schools but then the School Department through the 2004 season blessed us as varsity status under the NHIAA standards, which means that the City of Manchester controlled the coaches, the organization and the field events as they do all other school sporting events.

Chairman Smith stated the School Department, the Athletic Committee, didn't recognize this program whatsoever as far as I can read. Second of all, there were bills accumulated and if we write it off I don't know what the situation would be with the Parks Commission but as you well know I am advocating to get Gill Stadium out of the Enterprise and this is what happens. Everybody says write it off and then Parks & Recreation has to bear the brunt of the money. As you well know, I am all for youth sports but I really would like to ask my colleagues to table this and have a meeting with the School Department and all of the agencies involved and see if we can resolve this. At this time, I can't go along with it.

Deputy Clerk Normand stated we have a motion on the floor now to receive and file.

Alderman Shea withdrew his motion to receive and file.

Alderman Osborne withdrew his second.

Alderman Osborne moved to table. Alderman Thibault duly seconded the motion. Chairman Smith called for a vote on the motion. There being none opposed, the motion carried.

Alderman O'Neil stated thank you very much, Mr. Chairman, and we are leaving here with some encouraging news that there probably will not be a chargeback this year. That is not what the Boosters were led to believe by the School District so that is a step in the right direction if it doesn't happen this year.

Chairman Smith stated you realize that it was a last minute endeavor by your group.

Alderman O'Neil responded it was a last minute endeavor because they got the bill late.

Chairman Smith stated I just found out that the bill was paid yesterday.

Chairman Smith addressed Item 4 of the agenda:

Communication from the Director of Parks, Recreation and Cemeteries advising of anticipated shortfalls in the general fund salary and restricted line items in the FY05 budget.

Mr. Ludwig stated we found a minor error in the previous information that you received so we are handing out a correct version. It is basically the same. There is a minor error on the second page. In a nutshell what you are seeing here is just the

request. I understand the way workman's compensation and CGL insurance is handled as restricted line items but basically to work through each scenario you can see that the amended budget under Item 1 Workman's Compensation allowed the department \$41,048. We have expended through the end of March \$52,079 for a current balance of a negative \$11,031. We are estimating for the next three months an additional \$8,000, which will bring our workman's compensation line item into a negative \$19,031. The paragraph following that is a brief explanation, which I won't go into that pretty much explains to the Committee members how we got there. I will just bring to your attention the one item that was difficult for us to foresee, which was the former employee who hasn't been with us since 1995 who had a significant claim that was difficult for us to determine at the time. Therefore, we would be requesting a transfer into workman's compensation of the \$19,031. Under the CGL or the comprehensive general liability object 0521 you will see that our amended budget was \$33,442. We have expended through March 31 \$62,195 for a deficit of \$28,753. We estimate again from 4/1 until 6/30 approximately \$8,000 in additional funds for a total estimated shortfall of \$35,753. Following that we have the claims. You can see we had one auto accident where we were hit for \$32,000. Actually we are requesting a reserve for CGL liability insurance reserves of \$35,753. The last item is regular salaries and wages. You can see that our amended budget was \$1,808,134. We have expended through the end of March \$1,383,463 for a current balance of \$424,670. Estimated between 4/1 and 6/30 is an additional \$471,793 leaving us with an estimated shortfall of \$47,123. What we are asking is we are showing that the cost of living salary adjustment is 2%. We have a total salaries and overtime budget of \$38,243. We lost our Deputy, which was at a payout of \$7,816 and some other minor shortfalls with an estimated shortfall of \$47,123. What we would like to ask the Committee is their consideration relative to transferring some of our overtime money in the amount of \$25,000 into our salary line items and asking I believe Finance if that is where cost of living transfers come from from the salary reserve of \$22,123. It is my understanding that the Mayor may have the power to exercise his authority in terms of transferring overtime money so maybe that shouldn't be in front of this Committee but that is the way we grouped it together right or wrong. We understand that insurance monies are held off budget to make up these differences but I am in a difficult time at this point in terms of being very busy trying to get ready for Memorial Day and if it means holding a line to that...I don't buy other line item things related to fertilizers and things like that that typically we would be buying at this time of year. If there is assurance from this Committee, however, that these items are made up at the end of June I guess I could live with that but I would just bring it to your attention that that is where we will be. We will be in a deficit if we continue this way and if this Board concurs with that deficit I guess we can live with it.

Chairman Smith asked could Harry Ntapalis come up and explain workman's compensation and insurance liability.

Harry Ntapalis, Risk Manager, provided a handout and stated I am going to keep it brief. I know you have a lot of things on your agenda but by and large historically what has happened is you are looking at restricted line items for both the comprehensive general liability line and the workman's compensation line. What we do each and every year is we present to the Mayor's budget team a projected forecast of what should be funded in total for both the Enterprise and the operating budget and we prorate it by department. Now the only way that we can prorate insurances based on historical trending information...it is not to say particularly in the area of workman's compensation as the Director had just mentioned there was an unforeseen old claim that came to pass that put them in the red. In the State of NH we can't settle injuries that involve medical aspect of a worker's compensation claim. Those are open for life. We can settle the indemnity portion so in other words you can have an employee that has long since retired and their injury crops up to worsen and they may need surgery as was the case in this instance and the former employee is on the hook to pay those medical bills as long as that was a valid claim. That is basically what happened here. If you draw your attention to the FY05 budget I highlighted it for you. In your worker's compensation what I had done was I had made a recommendation for the FY05 budget of \$59,749 for Parks Operations and \$20,288 for Parks Enterprise. That is in the worker's compensation line. Under CGL \$33,442 that had been exhausted because of an unforeseen accident that took place in FY05 and of course the CGL proration was \$28,600 for the Parks Enterprise sector. So as close as we try to get many times you will realize a shortfall. After the day is done generally what we have done is we talk with Mr. Sherman and keep in good contact as far as reconciling people's budgets at the end of each and every operating year. In other words, if some department experiences a shortage and the other department really rarely taps their budget, that money is then transferred. Above and beyond that there is a reserve amount for catastrophic claims and so forth but we generally don't like to tap into that. Again, what we had done and I will just finish up by saying this, in doing the budgets in this fashion it was deemed by the Board of Mayor and Aldermen several years ago that this would make departments a bit more accountable. At one time we just had the two large funds. We had the general liability fund and we also had the worker's compensation fund and in both of those funds we would pay claims as they were generated by departments and what has happened since that is the Board of Mayor and Aldermen took a position where they would like to see for the budget each and every year a line item in the restricted section for both of these identifying exactly what we have for cash.

Alderman Shea stated in terms of putting the department head at ease, what would you suggest at this time. That you can assure him that...I mean we did something

at our level here to allow Frank Thomas to “have a good night’s sleep” and I am wondering if we should also do the same for Ron Ludwig as well. How do you...I am not sure if you are the right person to answer that or if Kevin Clougherty is or who should answer that but I think what Ron Ludwig would like is he would like a little bit of comfort and I think we extended that to Frank Thomas at the time.

Mr. Ntapolis responded I will turn it over to Finance in a moment but in general I know that I have had conversations with some of you Aldermen in the past and Mr. Thomas has come in and I guess the nature of the business he is involved with is all so unpredictable between snow removal, sanding and salting. He has come up short. I cautioned early on before the Board of Mayor and Aldermen...I remember in this very room talking to the department heads that were here when the Mayor and Finance had made a presentation about making out the budget this way that there is no exact science. There is no way to actually predict unfortunately each and every year going forward 12 months what the entire cost might be. I would suggest that Ron Ludwig be given the equal treatment as Frank Thomas in helping him with these shortfalls so he can get on with his spring projects in advance probably of July 1.

Kevin Clougherty, Finance Director, stated the bottom line as we said to Frank we didn’t transfer any funds out of the reserves to deal with his worker’s compensation issue. We told him that if he had legitimate worker’s compensation expenses at the end of the year we have reserves set up for that purpose and that will be taken care of. I think that is the same message that Ron should get. Certainly if you have those items and they are proven to be legitimate through Harry’s office they will be paid. The other items that are on there with respect to salary adjustment, we have not traditionally moved money from salary adjustment until the end of the year and we make sure that departments are within their budgets and that is how those are handled. I know that all of the departments, including Ron’s are wrestling with the 2% this year and the amount he is asking for is just about that 2%. I know that is difficult and he is on a seasonal basis. The third item that he has on there, the salaries to an overtime he simply has to submit the form and that can be approved by the Mayor. I talked to the Mayor about it today and I think he will be happy to do that for him.

Chairman Smith stated I have a couple of questions, Harry. This came up as you well know in the Highway Department a couple of years ago and what staggers me is like I say I see one from Parks & Recreation terminated 4/12/95 and we are talking about medical. Can you please explain this to the Committee members? I firmly believe that any amount of money that they have to spend in worker’s compensation should be taken care of by the Risk Management Office. That is my personal opinion and I know that we have a different policy but would you please explain that. Since 1995 they have been carrying this.

Mr. Ntapalis responded what Alderman Smith is mentioning and we have had conversations on this with other departments but periodically we will experience former employees that have gone out either through disability retirement or normal retirement but they had a compensable claim in their tenure with the City of Manchester and with the compensability of that claim there is always a file that is maintained. The State of NH recognizes that if you have an injured employee you have the right as an employer if the claimant and his counsel agrees to a settlement on what I called earlier an indemnity portion of that particular injury. The indemnity portion simply means the weekly pay out that we were making while they were injured and unable to work. There is one other piece of the equation and that is the medical. In other words, if you had an injured employee you could find yourself while they are still active in physical activity and prescription reimbursement, doctor's visits, hospitalization and even surgery, which as all of you know can be very costly, that doesn't end. It doesn't sever the minute the employee leaves employment. You can't, even if we wanted to, try to settle or lumpsum settle the medical portion into the future. It is disallowed by statute. So in other words we will always have that exposure so if an individual as was the case as Alderman Smith had just mentioned a 1995 claim where the claimant hasn't worked for the City for some time and legitimately did retire all of the sudden found themselves in a position where they needed surgery and in this case it was relatively expensive, you are talking \$22,000, that is a surprise bill that comes back to not only our office but certainly to the department that it taps their line item. There is no way to forecast this unfortunately. We set-up these reserves and we have them actuarially looked at each and every year and the bottom line is that the total amounts of dollars that we have set aside has always been sufficient but the prorations that appear in the various departments if they get tagged such as the case of Highway or Parks & Recreation from some of the labor intense individuals that had gone out with injuries and they surface in any given fiscal year, it can deplete the fund allotment that was set aside for them. That is a position that we have to deal with. We will always make relief come the end of the year through reconciliation by reimbursing for whatever payments have been made and whatever the shortfall is, in other words, no one permanently ends up in the red. That probably doesn't help in the interim of the year when they need funds for something else and I suspect that is probably why we are here today.

Alderman Shea stated I recommend that...this is informational anyway so I recommend that we receive this report and I know that Ron feels as if he is probably okay now in terms of his workman's compensation and liability and as far as the other salaries and so forth I think obviously that is up to you to discuss that and see how that works out but you have to keep money in your budget in order to meet expenditures for Memorial Day and so forth. I think that you have made a presentation to this Committee and you will probably make a presentation

to the full Board later on. You have made your situation known and, therefore, people are aware of it. I am not sure what a motion would be.

Chairman Smith stated well it is being taken up tonight by the full Board of Mayor and Aldermen so we can just refer it there.

On motion of Alderman Shea, duly seconded by Alderman Osborne it was voted to refer this item to the full Board.

Chairman Smith addressed Item 9 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting the 3rd quarter FY2005 write-off list for the accounts receivable module.

Sharon Wickens, Financial Analyst II, stated you will note that the third quarter write-off listing is a little bit larger than we normally present every quarter but if you also look at the report that I give you each meeting of what receivables have been submitted to the City Solicitor's Office you will see that that number has dropped by about \$10,000. I had a meeting with Tom in the Solicitor's Office and we went through a lot that were in the Solicitor's Office hands and a lot of them were not...they were companies that were no longer in business or couldn't be found. A couple of worker's compensation cases where the statute of limitations had expired. So we decided to try to clean this up before the audit comes. If they are uncollectable, they are uncollectable and they should be on the write-off list.

On motion of Alderman Shea, duly seconded by Alderman Osborne it was voted to accept the report.

Chairman Smith addressed Item 8 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:

- a) department legend;
- b) open invoice report over 90 days by fund;
- c) open invoice report all invoices for interdepartmental billings only;
- d) open invoice report all invoices due from the School District only;
- e) listing of invoices submitted to City Solicitor for legal determination; and
- f) accounts receivable summary.

On motion of Alderman Shea, duly seconded by Alderman Thibault it was voted to accept the reports.

Chairman Smith addressed Item 5 of the agenda:

Communication from Guy Beloin, Financial Analyst II, submitting the City's unaudited monthly financial statements for the nine months ended March 31, 2005 for FY2005.

Randy Sherman, Deputy Finance Director, stated there is really nothing here to point out where we have any problems. You have Guy's cover letter and ironically enough it deals mainly with the three insurances, which you just heard from Ron as well. Those are all running slightly over budget this year but again coming into this year all three reserves were 100% funded, which is a first. So we really don't have an issue with that. Obviously we would like to not be tapping those reserves and it looks like we may have to for several hundred thousand dollars and then after the fiscal year we go out and get another actuarial report and we will see where we are funded again. As you maybe settle some of those cases, the next time the actuary goes out and sets what those reserves should be there is a possibility that they should be less than they were the prior year. So the fact that we are tapping them doesn't necessarily mean that the reserves won't be 100% funded going forward. That is what they are there for. As far as the revenues...I mean we don't see any departments again at this point that are critical. We have taken care of the Highway Department. We are still monitoring the salaries on a weekly basis and we think that what we have set aside in the salary adjustment account is going to be more than enough to take care of the handful of departments. As far as the revenue side goes, we have actually started out tracking on a daily basis on the revenues. The projections that we have at this point are that we will still meet the budget. Again, it may not be in the particular line items but that happens every year. You are never going to hit every line item perfect but if we take where we are as of today and project it out through the end of the year based on how we collected last year and the year before that and the year before that we think that we will hit or exceed our projections for this year. That would be the first time in the last couple of years. In the last two or three years we have been under budget on those revenues. Again, we think we have some good news there. We have a couple of areas where some departments are running a little bit behind in their billings and we have to get them caught up before year end but again we think the picture is looking a little bit better.

Alderman Osborne moved to accept the report. Alderman Thibault duly seconded the motion. Chairman Smith called for a vote. There being none opposed, the motion carried.

Chairman Smith asked how much do we have in the salary adjustment account.

Mr. Sherman answered that would be on Page 1 in the third section - \$197,000.

Chairman Smith addressed Item 6 of the agenda:

Communication from Tobias Svantesson, Internal Auditor, submitting a summary of City loans and notes outstanding as of March 31, 2005.

Mr. Sherman stated the good news is that this is the only second time you have seen this report, which is something that Tobias put together for us. We have tried to go back and add the last payment dates on here so you can see that but again there is nothing on here that we find alarming or that the Board or Committee needs to take any action on at this point. It is really more for informational and monitoring purposes. Unless you have any specific questions on it...

Alderman Shea interjected the only question I have is that occasionally we tend to look for a little bit of blood out of a stone so to speak and the other night we were discussing at a CIP meeting getting some funding for a specific project that was called to our attention by the Alderman from Ward 5. So between now and maybe the next CIP meeting Bob MacKenzie may be trying to get a little bit of blood out of the stone so to speak.

Mr. Sherman responded that would probably be on Tobias' second report, his CIP report, which is probably the next item on the agenda. So if you want to receive and file this one we can talk about the other one.

Chairman Smith stated some of these projects are really old. I will pick one out from 1988. There are a couple of balances in here. One is historical for \$20,000. One is audio/visual for City Hall that is \$5,000+. What is the anticipation or what are these people doing now because we can use that type of money right now?

Mr. Sherman asked what page are you on. I see it. You are on Page 7. There should be some notes off to the left-hand side there.

Chairman Smith answered there is. It says e-mailed 1/5/04. I think we are about a year away now.

Mr. Sherman stated it just means that we are still waiting to get answers backed. That is being run by the Planning Department. I don't assume that anyone is here from Planning.

Chairman Smith stated not to belabor this but we are searching for money and if these monies aren't going to be utilized we would like to have them.

Mr. Sherman responded that is one of the things we try to do and that is what Tobias does do. He goes out to departments and tries to hammer them into using the money. If you recall a couple of years ago we had the issue with the bond proceeds where we have to spend those dollars within a certain amount of time or we start running into tax complications. The last several pages that you have in that report are all bond projects and again we are getting to the point where we need to start spending some of those dollars. Even if the dollars are sitting there on legitimate projects that they may need this year or the year after we may have to spend some of those dollars now on some of the current requests and then fund those projects when the dollars are actually needed. That is one of the things that we are going through not only in Finance but in CIP as well.

Chairman Smith asked what justification would these departments have in holding this money for six or eight years and not utilizing it.

Mr. Sherman replied some of these dollars are restricted to what they can be used for. They may be a donated dollar and it is just that the department hasn't fully expended those funds. If you get donations and again some of these, I notice you have historic preservation and those types of things and if there hasn't been a project specific that those dollars can be used for those dollars will sit there until we get something they can be used for. In other cases, it may be more contractual type issues. Maybe there are some disputes over them. In other cases I know one of the things that Highway does is they don't feel sometimes that they have enough dollars one year to take care of a certain project so they will accumulate several years worth of funding and then when they have it specifically like on chronic drain projects if there is a drain project at the top of the list that is \$125,000 that may take them three years of funding before they have \$125,000. There are others when you get out there that are just balances where the project is literally done and there are dollars left over, which is sometimes what you will see under the bond projects. Those are the ones that we tend to go after and get them to wrap up.

On motion of Alderman Thibault, duly seconded by Alderman Osborne it was voted to accept the report.

Communication from Tobias Svantesson, Internal Auditor, submitting a summary of CIP project balances as of March 31, 2005.

On motion of Alderman Shea, duly seconded by Alderman Thibault it was voted to accept the report.

Chairman Smith addressed Item 10 of the agenda:

Communication from Joanne Shaffer, Treasury Manager, submitting the City's unaudited Quarterly Treasurer's Report for period ending December 31, 2004.

Joanne Shaffer, Treasury Manager, stated in keeping with our tradition of sending the Aldermen quarterly reports we are sending along this Treasurer's report. It is a little bit late. We did lose a staff member so unfortunately we didn't have it done on a timely basis but we are hoping to pick that up as time goes on. As you look at this report, this gives you all of the quarterly transactions from a cash flow perspective. It gives you as of the end of December all of the outstanding investments and the rates that we are getting at various banks and more importantly it gives you a list of all of the debt service that is outstanding for all of the City entities.

Alderman Shea asked how does the situation look. Is it moving in a positive direction – our investments and so forth?

Ms. Shaffer answered yes. Actually as the rate has been going up and the Fed has been increasing the rates on a regular basis that affects the index that the City gets paid for the interest on its investments. So we are moving up and I think we have already exceeded the revenue for the current fiscal year.

On motion of Alderman Shea, duly seconded by Alderman Thibault it was voted to accept the report.

TABLED ITEM

11. Tuition Reimbursement Program
(Originally tabled 01/18/2005 – Committee requested examples of tuition reimbursement/staff development issues be provided at meeting scheduled for 04/19/2005.)

This item remained on the table.

There being no further business, on motion of Alderman Shea, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee